

REPORT ON
METIS HOUSING GROUP
EMERGENCY REPAIR PROGRAM

Thorne
Riddell
& Co.

CHARTERED ACCOUNTANTS

To Central Mortgage and
Housing Corporation

The following report is the result of a review of the existing financial and administrative systems of the Metis Housing Group (hereinafter called "M.H.G.") Emergency Repair Program (hereinafter called "E.R.P.").

The report outlines the problems which exist and sets out our recommendations for corrective action.

Our comments have been summarized under the following headings:

- 1) Applications for Emergency Repairs
- 2) Material Control
- 3) Pink Slip Receiving Forms
- 4) Expenditure Control
- 5) Banking Arrangements
- 6) Outstanding Expense Advances
- 7) Expense Reports
- 8) Job Descriptions

If you require our assistance in implementing any of the recommendations or wish to discuss any items further with us, we would be pleased to do so at your convenience.

Yours very truly,

Thorne Riddell & Co.

Saskatoon, Saskatchewan
November 19, 1976

Chartered Accountants

1). Applications for Emergency Repairs

M.H.G. designate areas in Saskatchewan where emergency repairs will be performed. The Metis locals in each designated area are contacted and the locals then form Local Housing Committees. Blank application forms for emergency repairs are delivered by the M.H.G. field workers to each Local Housing Committee. The Local Housing Committee interview applicants and perform the necessary approvals. The Local Housing Committee then set up a priority listing of approved applicants and forward the listing along with the approved applications to M.H.G.

M.H.G. personnel are of the opinion that in some instances, due to political forces within the community, the people who may have the greatest need for emergency repairs are either not advised to make application or their applications are not approved by the Local Housing Committee.

M.H.G. should therefore institute the following procedures for their field workers:

- 1). the field worker should be the Chairman of the Local Housing Committee and have final decision powers.
- 2). he should be actively involved in soliciting applications.
- 3). he should participate in the approval of applications and in the preparation of the priority list.
- 4). he should perform spot tours of the community to ensure those individuals in dire need of repairs have been advised of applications being available.

2). Material Control

Upon approval of applications, the M.H.G. field workers examine the applicants' dwelling and complete a material take-off form indicating the materials required for the necessary repairs. The materials are either ordered locally by the field worker or by M.H.G. head office if materials are not available locally.

Materials are shipped to the President of the Local Housing Committee for distribution to approved applicants. M.H.G. field workers are to have the President or applicant sign a pink slip receiving form to indicate that goods were received. These pink slip receiving forms are then forwarded to M.H.G. head office.

There are reported instances of disappearance and misuse of materials as well as material destruction resulting from climatic conditions occurring after delivery to the Local Housing Committee. Material may arrive at various intervals and the M.H.G. field worker often is not present to supervise distribution.

To overcome these problems, M.H.G. field workers should be charged with the responsibility to ensure materials are received by the approved applicants. To fulfill this responsibility the field worker must:

- 1) advise suppliers to deliver direct to applicant.
- 2) if delivery is not possible have applicant pick up material and sign the invoice for it.
- 3) if material has to be delivered to the President the field worker must supervise distribution at all times.
- 4) ensure material is properly protected from adverse weather conditions.

- 5) account for all material delivered and distributed and investigate and report on any variances.
- 6) perform spot checks on applicant's dwelling to ensure material was used properly.

Inspectors from Central Mortgage and Housing Corporation should also perform independent random inspections when they are in those areas to ensure applicants are receiving the material and that the material is being properly used. A listing of applicants who received material in that area could be furnished by M.H.G. prior to the C.M.H.C. inspection.

3). Pink Slip Receiving Forms

The use of pink slip receiving forms is not being properly utilized for control purposes. The E.R.P. manager must institute control procedures and insist on the full co-operation of field workers.

The E.R.P. manager should allocate prenumbered pink slip receiving forms to each applicant and maintain a control log for the forms. The log could be in the following format:

Pink Slip Receiving Form #	Applicant	Purchase Order #	Purchase Order Date	Field Worker	Signed Pink Slip Receiving Form Received
1	G. Brown	42	Sept. 4	Adams	
2	B. Jones	7	Sept. 4	Wilson	Oct. 1
3	F. Smith	31	Sept. 15	Hicks	

The log would provide current information as to which applicants have not received material and also indicate which pink slip receiving forms are outstanding. The E.R.P. manager should initiate follow up procedures on any items which have been outstanding for a significant period of time.

The E.R.P. manager must ensure that the field workers perform the following procedures:

- 1) account for all pink slip receiving form numbers
- 2) all pink slip receiving forms must be signed
- 3) pink slip receiving forms must be submitted to M.H.G. on a current basis.

4) Expenditure Control

As suppliers invoices come into M.H.G. head office they are matched and attached with the applicable purchase order. A cheque is then prepared and after payment the invoice is filed by supplier name.

The following additional procedures are required to ensure adequate control over expenditures:

- 1) pink slip receiving forms should be attached to all invoices and purchase orders to ensure materials were received before invoices are processed for payment. Pink slip receiving forms must be agreed to purchase orders to ensure goods received were those ordered by M.H.G.
- 2) clerical and extension checks must be performed on all invoices by the E.R.P. accountant and evidenced on each invoice.

- 3) all invoices must be examined by the E.R.P. manager and initialled by him before payment is made.

5) Banking Arrangements

Due to the financial position deficiency in the M.H.G. housing construction projects, funds were transferred from the E.R.P. bank account to the various M.H.G. housing projects. The transfers were made by both M.H.G. and by unauthorized transfers by the Canadian Imperial Bank of Commerce. Consequently the M.H.G. housing projects have a payable to E.R.P. of approximately \$ 245,000.

As a result of the above mentioned transfers the most recent E.R.P. grant of \$ 100,000 was deposited at a different bank i.e. Bank of Montreal. The previous funds were maintained at the Canadian Imperial Bank of Commerce.

The present cheque signing authorities are:

Canadian Imperial Bank of Commerce

Either Harry Vandale or Dorreen Uhl with one of the following:

Tony Campone

Alfred Durocher

Knapp Lafontaine

Peter Bishop

Bank of Montreal

Either Harry Vandale, Dorreen Uhl or Keith Andrews with one of the following:

Tony Campone

Annette Petit

Knapp Lafontaine

The following controls should be implemented by M.H.G.

- 1) There are presently too many cheque signers. Cheque signing authority should be limited to two signatures those being the M.H.G. controller and the E.R.P. manager.
- 2) Only one bank account should be used.
- 3) No funds should be transferred between E.R.P. and the housing projects. Assuming the present working capital deficiency in the housing projects is rectified this transfer problem should not be encountered.
- 4) Unused cheques should be locked up at the end of each day and only the E.R.P. accountant should have access to them.

6) Outstanding Expense Advances

Specific repayment terms should be established for all outstanding expense advances. No additional advances should be made to employees who have not repaid or submitted expense reports to cover previous advances.

Further advances should be restricted to a maximum amount as determined by the E.R.P. manager and should not be allowed to remain outstanding for more than a month. If an expense report is not received the advance should be deducted from the following months pay.

7) Expense Reports

Expense reports are presently in the form of a batch of invoices stapled together with no summary identifying the type of expenses.

An expense report should be required from the individual claiming the expenses on which he would summarize the nature of the expenses. These reports should then be documented in a summary sheet for each employee and the M.H.G., controller should review these summary sheets on a regular basis to ensure expenses claimed are reasonable and bona fide.

8) Job Descriptions

E.R.P. presently does not have written job descriptions for management and employees. These should be prepared and documented in a manual. Examples would be the following:

Manager - approve all expense reports

- approve all invoices
- prepare purchase orders
- supervise field workers
- maintain log for pink slip receiving forms and perform the follow up procedures if necessary.
- maintain applicant files ensuring all documents such as applications, pink slip receiving forms etc. are accounted for.
- approve monthly reports issued to Central mortgage and Housing Corporation

All staff should be evaluated at six-month intervals.